

1 MICHAEL N. FEUER, City Attorney, SBN 111529
2 TINA HESS, Assistant City Attorney, SBN 143900
3 ANDREW K. WONG, Deputy City Attorney, SBN 201695
4 OFFICE OF THE LOS ANGELES CITY ATTORNEY
5 CRIMINAL BRANCH, SPECIAL LITIGATION SECTION
6 200 North Main Street, 500 City Hall East
7 Los Angeles, California 90012-4131
8 Telephone (213) 978-8707/Facsimile (213) 978-8112

[NO FEE - Gov. Code § 6103]

CONFORMED COPY
ORIGINAL FILED
Superior Court of California
County of Los Angeles

JUN 17 2016

Sherri R. Carter, Executive Officer/Clerk
By Shaunya Bolden, Deputy

Attorneys for Plaintiff, the People of the State of California

7 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
8 **COUNTY OF LOS ANGELES, CENTRAL DISTRICT**

9
10 THE PEOPLE OF THE STATE OF
11 CALIFORNIA,

11 Plaintiff,

12 vs.

13
14 GEORGE A. PANOUSSIS, also known as
15 GEORGE PAN ANDREAS and GEORGE
16 ANDREAS PANOUSSIS, an individual;
17 NOVAP CORPORATION, a Nevada
18 corporation; and DOES 1 through 100,
19 inclusive,

20 Defendants.

Case No.:

BC 6 24 202

COMPLAINT FOR INJUNCTIVE AND
OTHER EQUITABLE RELIEF AND
CIVIL PENALTIES FOR:

1. LOS ANGELES MUNICIPAL CODE SECTION 11.00;
2. PUBLIC NUISANCE IN VIOLATION OF CIVIL CODE SECTION 3479 ET SEQ.;
3. UNFAIR COMPETITION LAW (BUSINESS AND PROFESSIONS CODE SECTION 17200 ET SEQ.); AND
4. FALSE ADVERTISING PRACTICES (BUSINESS AND PROFESSIONS CODE SECTION 17500 ET SEQ.)

COPY

1 Plaintiff, the People of the State of California, complaining of the above-named
2 Defendants, alleges as follows, which allegations are based upon information and belief insofar
3 as they pertain to the conduct of Defendants.

4 **INTRODUCTION**

5 1. This is a civil law enforcement action brought by the Los Angeles City Attorney's
6 Office ("City Attorney") on behalf of the People of the State of California ("People") under
7 LAMC section 11.00; California Public Nuisance Law (Civil Code, section 3479 et seq.); the
8 Unfair Competition Law (Business and Professions Code section 17200 et seq.); and, the False
9 Advertising Law (Business and Professions Code section 17500 et seq.) against Defendants,
10 seeking to bring the Van Ness property into compliance with all applicable regulations and to
11 enjoin Defendants from maintaining Van Ness as an illegal hotel or illegal transient occupancy
12 residential structure.

13 2. The City of Los Angeles is in the midst of a housing crisis. Average renters pay
14 nearly 47% of their income toward rent, well above the 30% of income considered affordable.
15 High rental costs, increasing demand due to population growth, expiring affordability covenants,
16 decreased funding for the production of new affordable housing units and the large scale
17 conversion of affordable and rent stabilized units into short-term rentals contribute to what is
18 now considered to be a major housing crisis in Los Angeles. A report from the Los Angeles
19 Alliance for a New Economy¹ confirms that apartment owners are evicting long-term tenants and
20 converting rent-controlled units into commercial short-term rental operations. The loss of these
21 units in the long-term rental market has driven up total housing costs for L.A. renters by more
22 than \$464 million in the last year.

23 3. Short-term rental schemes, like those described below, have created a business
24 model that relies on incentivizing landlords to illegally transform residential rental units into
25 transient, short term, tourist accommodations. The illegal conversion of rent-stabilized units
26 must end.

27 _____
28 ¹ Los Angeles Alliance for a New Economy (LAANE: A New Economy For All), Short-Term Rentals and L.A.'s
Lost Housing (Aug. 24, 2015) p. 3.

1 4. Defendants George Panoussis (“Panoussis”) and Novap Corporation (“Novap”)
2 own and/or manage an illegal hotel or illegal transient occupancy structure located at 830 North
3 Van Ness Avenue, Los Angeles, California 90038 (“Van Ness”).² Defendants have converted
4 Van Ness from its legal, approved use as an apartment house into an illegal hotel, the
5 “Hollywood Dream Suites Hotel” (“HDSH”).

6 5. Van Ness is an approved 59-unit apartment house, located in the R3 Multiple
7 Dwelling Zone.³ The Certificate of Occupancy, issued by the Los Angeles Department of
8 Building and Safety (“LADBS”) in 1985, does not allow Defendants to operate their apartment
9 as a hotel or transient occupancy residential structure. (Los Angeles Municipal Code
10 (“LAMC”), § 12.10.) However, shortly after Defendants acquired Van Ness in 1992, Defendants
11 began using Van Ness as a hotel.

12 6. Van Ness is subject to the City’s Rent Stabilization Ordinance (“RSO”).⁴
13 Defendants have emptied Van Ness of its long-term tenants and have filled the apartment
14 building with short-term, transient guests. This commercial use is not permitted for the
15 residential zone in which Van Ness is located.

16 7. As a result of their illegal use, Defendants violate the City’s zoning laws and
17 directly contribute to the City’s lack of affordable housing by removing available housing stock
18 from the rental market.

19 8. Defendants deceive the public through their use of the Internet to falsely advertise
20 Van Ness as a hotel and inviting members of the public to reserve units for transient occupancy.
21 As a result, Defendants have reaped illegal profits for years.

22 9. Defendants compete unfairly against legitimate, approved hotels that must comply
23 with necessary regulations, including building and habitability laws, Fire Code requirements,
24

25 ² 830 North Van Ness Avenue is more specifically described as Lot 20 and 21 of Ion L. Clarke’s Melrose Tract, as
26 per Map recorded in Book 9, Page 109 of maps in the office of the County Recorder, Assessor Parcel Number 5535-
001-007.

27 ³ Apartment houses are permitted uses in the R3 Multiple Dwelling Zone, but hotels and transient occupancy
residential structures are not. (LAMC, § 12.10(A)(4).)

28 ⁴ LAMC, section 151.00 et seq.

1 parking requirements and zoning requirements. Defendants further compete unfairly by
2 misleading and directing the public to their illegal hotel thereby reducing lawful occupancies and
3 revenue from legitimate area hotels.

4 10. Defendants are well aware that what they are doing is illegal. Despite having
5 received an official notice to discontinue the illegal use from the appropriate City enforcement
6 department, Defendants persist in their unlawful use and operation of the subject property as an
7 illegal, unapproved hotel.

8 11. Plaintiff seeks the appointment of a receiver pursuant to Business and Professions
9 Code sections 17203 and 17535 for Van Ness. Plaintiff also seeks awards of civil penalties for
10 Defendants' past and current violations of law under LAMC section 11.00, subdivision (l), and
11 Business and Professions Code sections 17206 and 17536. Finally, Plaintiff seeks restitution
12 under Business and Professions Code sections 17203, 17204 and 17535 to restore to any person
13 in interest any money which Defendants acquired through unfair competition.

14 THE PARTIES

15 12. Plaintiff is the sovereign power of the State of California as designated by LAMC
16 section 11.00, subdivision (l); Civil Code section 3494 and Code of Civil Procedure section 731;
17 and Business and Professions Code sections 17204 and 17535. Plaintiff is the complaining party
18 in civil enforcement actions brought under these statutes and acts through the Los Angeles City
19 Attorney, Michael N. Feuer, who brings the First, Second, Third, and Fourth Causes of Action
20 pursuant to authority granted to him by law.

21 13. Defendant Novap is, and at all times relevant hereto was, a corporation organized
22 and existing under the laws of the State of Nevada, with its principal place of business in Los
23 Angeles, California. According to publicly available records, Novap has owned Van Ness since
24 May 1992.

25 14. Defendant Panoussis is, and at all times relevant hereto was, a resident of Los
26 Angeles, California, and the President of Novap.

27 15. Each of the Defendants is jointly and severally liable by act, omission, strict
28 liability, negligence, agency, respondeat superior, alter ego, or otherwise for the violations of law

1 alleged herein. At all times relevant hereto, Defendants were acting as the agents, assignees,
2 partners, joint venturers, alter egos, representatives, co-schemers, co-conspirators or employees
3 of each other, and in committing the wrongful acts and omissions alleged herein, were acting
4 within the course and scope of that agency, assignment, partnership, joint venture, alter ego
5 relationship, representation, scheme, conspiracy or employment. Each Defendant had
6 knowledge or constructive notice of the acts of every other Defendant. The allegations in this
7 Complaint apply equally to the fictitious Defendants, DOES 1 through 100.

8 16. Whenever this Complaint refers to an act or failure to act by Defendants, such
9 allegation and reference shall be deemed to mean also the act and failure to act of each
10 Defendant, whether acting individually or jointly and severally.

11 17. Panoussis formed, used and continues to use Novap as a mere instrumentality and
12 conduit through which, for his convenience, he has conducted and continues to conduct his
13 business and management of Van Ness. There has been and is a unity of interest between
14 Panoussis and Novap, which is merely an alter ego of Panoussis.

15 18. Plaintiff does not know the true names and capacities of Defendants DOES 1
16 through 100, inclusive, and therefore sues those Defendants by such fictitious names. Plaintiff
17 will amend this Complaint to insert the true names and capacities of said fictitious Defendants,
18 when ascertained. The allegations in this Complaint apply equally to the fictitious Defendants,
19 DOES 1 through 100.

20 **JURISDICTION AND VENUE**

21 19. The Court has subject matter jurisdiction over this action pursuant to LAMC
22 section 11.00; Business and Professions Code sections 17204 and 17535; Civil Code section
23 3479 et seq.; and, LAMC section 11.00.

24 20. The Court has personal jurisdiction over each of the Defendants pursuant to
25 California Constitution, article VI, section 10 and Code of Civil Procedure section 410.10
26 because each Defendant conducts substantial business in or resides in Los Angeles, California;
27 each Defendant has purposefully availed himself or itself of the benefits of doing business in this
28 City and State; Defendants' violations of law alleged herein occurred, in whole or in part, in this

1 City and State; and, each registered corporate Defendant conducts substantial business in the
2 City and County of Los Angeles.

3 21. Venue for this matter lies within the County of Los Angeles pursuant to Code of
4 Civil Procedure sections 393, 395 and 395.5 because Defendants operate their business in the
5 County of Los Angeles; Panoussis lives in the County of Los Angeles; and, the violations of law
6 alleged herein occurred, in whole or in part, in the County of Los Angeles.

7 **NATURE OF VIOLATIONS AND HISTORY**

8 **History of Violations**

9 22. Defendants have maintained Van Ness as an illegal hotel or illegal transient
10 occupancy residential structure since at least 2006. Even worse, since 2012, Defendants have
11 tried to conceal their wrongdoing by denying access to Los Angeles Housing and Community
12 Investment Department (“HCIDLA”) inspectors to inspect Van Ness as provided by law.
13 Beginning on or before June 2012, Defendants prevented HCIDLA from inspecting the entire
14 property or denied HCIDLA access entirely. Defendants have thwarted HCIDLA’s attempts to
15 inspect the premises at least eight times.

16 23. In May 2011, HCIDLA inspectors cited Defendants for violations related to the
17 illegal use of Van Ness as a hotel, as well as for violations of the LAMC’s Building, Electrical,
18 Plumbing and Mechanical Codes. In June 2011, HCIDLA re-inspected Van Ness. Inspectors
19 observed that the Defendants were still using Van Ness as an illegal hotel or transient occupancy
20 residential structure. Inspectors also noted that many of the same habitability violations
21 remained and noticed additional violations.

22 24. Subsequent inspections revealed that the illegal hotel or transient occupancy
23 residential structure use continued. Inspections revealed evidence of illegal use in June 2012 and
24 October 2012. On June 6 and 17, 2014, Defendants denied HCIDLA access entirely. While
25 inspectors were able to observe the continuing illegal use violations in March, April, and May of
26 2015, these three inspections were complicated by Panoussis’ obstruction of the HCIDLA
27 inspectors.

28 25. Defendants’ obstructionism and interference forced HCIDLA to obtain inspection

1 warrants pursuant to Code of Civil Procedure section 1822.50 et seq. On December 17, 2014
2 and August 10, 2015, HCIDLA inspectors observed evidence that Defendants were illegally
3 using Van Ness as a hotel or transient occupancy residential structure.

4 **False Advertising**

5 26. Defendants persist in falsely advertising Van Ness as a hotel or transient
6 occupancy residential structure. Defendants maintained their own Internet website at
7 Hollywooddreamsuites.com through the end of 2015. The Hollywooddreamsuites.com website
8 stated that Van Ness was a hotel, the "Hollywood Dream Suites Hotel." Van Ness offered
9 "beautiful modern hotel style rooms, with a slight modern appeal[;] fluffy bedding with a
10 kitchenette loaded with a stove, and refrigerator and elite style décor[.]" According to the
11 website, Defendants charged \$69.99 for "Queen Suites" from Mondays through Thursdays and
12 \$79.99 from Fridays to Sundays. For "Double Bed Suite[s]," Defendants charged \$89.99 to
13 \$110.00. The website directed the public to call (310) 704-0003, (323) 468-8062, or (323) 304-
14 3322 for "Reservations" or click on the "Reservation" drop down menu button.

15 27. Defendants disseminated other untrue or misleading information to the public on
16 their Hollywooddreamsuites.com website. The first page of the website had an audio
17 advertisement that stated: "Welcome to our website. We are happy that you stopped by. We
18 think you'll find exactly what you're looking for here. Please remember that we strive to put you
19 first. Our customers are very important to us, and we want to make sure you have a good
20 experience with us. Many of your questions will be answered here in our site. Or, if you have
21 questions, contact us online or give us a call right now. We would be happy to assist you."

22 28. There were also drop down menu buttons located on the right of the screen:
23 "Video Reviews"; "Reservation"; "Hollywood Dreamvideos"; and "Contact." Clicking on the
24 "Contact" button directed readers to a page with the following drop down menu: "Reservation";
25 "Accommodation" [*sic*]; "Tourist Attractions"; "Directions & Maps"; "Deposits &
26 Cancellation"; and "Reviews and Photos." At the bottom of the page: "Hotel Reservations
27 Process Immediately -7 Days."

28 ///

1 29. Clicking the “Directions & Maps” button led to a page that stated: “contact us” at
2 “Hollywood Dream Suites[,] 830 North Van Ness Avenue Hollywood California 90038” and
3 provided an email address of reservationlosangeles@hotmail.com. The page also noted that
4 “reviews” were “online at Youtube.com.”

5 30. Clicking on the “Deposits & Cancellation” button led to a page that stated:
6 “Deposits are required for hotel booking or stay”; “Deposit required for hotel stay or booking are
7 100% deposit and note 100% cancellation fee”; and “minimun [*sic*] cancellation days without
8 full penalty is 7 and only 50% penalty.”

9 31. Defendants also disseminate untrue or misleading information to the public by
10 advertising Van Ness as a hotel called “Hollywood Dream Suites” on several other websites,
11 including: Orbitz.com (prices: \$74 to \$151 per night; 240 guest reviews from February 2013 to
12 June 2016); Yelp.com (36 guest reviews from February 2013 to June 2016); Tripadvisor.com
13 (\$66 per room; 35 guest reviews from March 2014 to June 2016); Hotels.com (\$66 per room;
14 230 guest reviews from June 2014 to June 2016); Priceline.com (rooms starting at \$61; 40 guest
15 reviews from October 2013 to June 2016); and, Expedia.com (\$60 per room; 256 guest reviews
16 from March 2014 to June 2016).

17 32. Defendants’ illegal use and false advertisement of Van Ness as a hotel or transient
18 occupancy residential structure has significantly undermined the revenue of at least one
19 legitimate hotel in close proximity to Van Ness.

20 **Defendants’ Knowledge of Illegality**

21 33. At all relevant times, Defendants knew that Van Ness could not be used as a hotel
22 or transient occupancy residential structure. Despite their actual knowledge that Van Ness could
23 not be lawfully operated as a hotel or transient occupancy residential structure, Defendants did
24 and continue to operate and maintain Van Ness as an illegal hotel or illegal transient occupancy
25 residential structure.

26 34. Every year since 2005, Defendants paid the registration or annual registration
27 renewal fee required under the Rent Stabilization Ordinance for each rental unit at Van Ness.
28 (LAMC, § 151.05(A)(5).)

1 35. In 1992, Defendant Novap, as owner, applied for a building permit for general
2 rehabilitation. In said permit application, Defendant described the building's present use as
3 "apartment" and the building's new use as "same." On September 1, 1992, the LADBS issued
4 permit number 37700600296, authorizing the building's continued use as an apartment house.

5 36. On April 18, 2014, HCIDLA issued a Notice and Order to Comply ("Order to
6 Comply") to Defendant Panoussis. Among other violations, the Order to Comply cited
7 Defendants for violating the LAMC for illegally changing Van Ness' occupancy from residential
8 use to transient use. Specifically, HCIDLA cited Panoussis for using Van Ness as an illegal
9 hotel for transient occupancy without obtaining a building permit and Certificate of Occupancy
10 from the LADBS. The Order to Comply directed Defendants to discontinue the unapproved use
11 by April 11, 2014. Despite having received the Order to Comply, Defendants persisted and
12 continue to use Van Ness as an illegal hotel or as an illegal transient occupancy residential
13 structure.

14 APPLICABLE LAWS

15 37. An extensive regulatory framework of laws govern the condition and maintenance
16 of residential buildings in the City. As the owners and operators of Van Ness, Defendants have a
17 legal duty to maintain Van Ness in compliance with every applicable state and local law and
18 regulation.

19 **Los Angeles Municipal Code section 11.00**

20 38. The LAMC provides that "[w]henever in this Code any act or omission is made
21 unlawful it shall include causing, permitting, aiding, abetting, suffering or concealing the act or
22 omission." (LAMC, § 11.00(j).)

23 39. Section 11.00, subdivision (l) of the LAMC provides that: "In addition to any
24 other remedy or penalty provided by this Code, any violation of any provision of this Code is
25 declared to be a public nuisance"

26 40. LAMC section 11.00, subdivision (l) further provides that: "Violations of this
27 Code are deemed continuing violations and each day that a violation continues is deemed to be a
28 new and separate offense and subject to a maximum civil penalty of \$2,500 for each and every

1 offense.” Similarly, LAMC section 11.00, subdivision (m) provides that “each person shall be
2 guilty of a separate [criminal] offense for each and every day during any portion of which any
3 violation of any provision of this Code is committed, continued, or permitted by that person, and
4 shall be punishable accordingly.”

5 41. LAMC section 11.00, subdivision (l) declares any violation of the Code to be a
6 nuisance and authorizes Plaintiff to enforce any violation by seeking a restraining order,
7 injunction or other order or judgment in law or equity in the Superior Court. Thus, any violation
8 of the LAMC’s Zoning or Building Codes are public nuisances and continuing violations for
9 which Plaintiff seeks redress.

10 42. The Los Angeles Zoning Code, at LAMC section 12.00 et seq., consolidates and
11 coordinates “all existing zoning regulations and provisions into one comprehensive zoning plan
12 in order to designate, regulate and restrict the location and use of buildings, structures and land,
13 for agriculture, residence, commerce, trade, industry or other purposes” and “to regulate and
14 limit the height, number of stories, and size of buildings and other structures . . . to regulate and
15 limit the density of population . . .” (LAMC, § 12.02.)

16 43. The Los Angeles Building Code, at LAMC section 91.101.2, “safeguard[s] life,
17 limb, health, property and public welfare by regulating and controlling the design, construction,
18 quality of materials, use and occupancy, location and maintenance of all buildings and structures
19 erected or to be erected within the city . . .” (LAMC, § 91.101.2.)

20 **Rent Stabilization Ordinance**

21 44. On September 16, 1990, the Los Angeles City Council amended the LAMC’s
22 Rent Stabilization Ordinance (“RSO”) to alleviate the shortage of decent, safe and sanitary
23 housing in Los Angeles:

24 SEC. 151.01. DECLARATION OF PURPOSE.

25 There is a shortage of decent, safe and sanitary housing in the City
26 of Los Angeles resulting in a critically low vacancy factor.

27 Tenants displaced as a result of their inability to pay increased
28 rents must relocate but as a result of such housing shortage are

1 unable to find decent, safe and sanitary housing at affordable rent
2 levels. Aware of the difficulty in finding decent housing, some
3 tenants attempt to pay requested rent increases, but as a
4 consequence must expend less on other necessities of life. This
5 situation has had a detrimental effect on substantial numbers of
6 renters in the City, especially creating hardships on senior
7 citizens, persons on fixed incomes and low and moderate income
8 households. This problem reached crisis level in the summer of
9 1978 following the passage of Proposition 13. [¶] . . . [¶]

10 Therefore, it is necessary and reasonable to regulate rents so as to
11 safeguard tenants from excessive rent increases, while at the same
12 time providing landlords with just and reasonable returns from
13 their rental units. In order to assure compliance with the
14 provisions of this chapter violations of any of the provisions of
15 this chapter may be raised as affirmative defenses in unlawful
16 detainer proceedings.

17 (Amended by Ord. No. 166,130, Eff. 9/16/90.)

18 45. The RSO protects tenants from excessive rent increases by regulating rents. At
19 the same time, the RSO provides landlords with just and reasonable returns from their rental
20 units. (LAMC, § 151.01.) Specifically, LAMC section 151.04(A) provides: "It shall be
21 unlawful for any landlord to demand, accept or retain more than the maximum adjusted rent
22 permitted pursuant to this chapter or regulation or orders adopted pursuant to this chapter."

23 46. LAMC section 151.06 limits the maximum rental increases allowed. Sections
24 151.06(A) and (B) provide the allowable increases for rental units with limited rent increases
25 prior to the enactment of the RSO. Section 151.06(C)(1) provides the maximum rental increase
26 for a unit where the tenancy was voluntarily vacated or where the tenancy was terminated
27 pursuant to subdivisions 1, 2, 3, 4, 9, or 13 of subsection A of section 151.09. Section
28 151.06(C)(2) provides that the maximum rent a landlord may collect upon re-renting a unit is
limited to the rent in effect at the time of the most recent termination of tenancy, plus annual
adjustments available under section 151.06 depending on the circumstances of that termination.
Under section 151.07, HCIDLA retains the authority to grant adjustments for capital
improvements and other rehabilitation work.

47. Pursuant to LAMC section 151.09, the RSO prohibits landlords from evicting
tenants except when: (1) the tenant has failed to pay rent; (2) the tenant has violated a lawful

1 obligation or covenant of the tenancy and has failed to cure the violation after having received
2 written notice from the landlord; (3) the tenant is committing a nuisance, causes damage, or
3 creates an unreasonable interference with the comfort, safety, or enjoyment of any of the other
4 residents; (4) the tenant is using the rental unit for an illegal purpose; (5) the tenant, who had a
5 written lease or rental agreement with the landlord which terminated, has refused, after written
6 request or demand by the landlord to execute a written extension or renewal of the lease; (6) the
7 tenant has refused the landlord reasonable access to the unit for making repairs or improvements
8 or for inspecting or showing the unit; (7) an unapproved subtenant is in possession of the rental
9 unit at the end of the lease term; (8) the landlord seeks in good faith to recover possession of the
10 rental unit for use and occupancy as a primary place of residence by the landlord, specified
11 family members of the landlord, or a resident manager; (9) the landlord seeks in good faith to
12 recover possession to renovate the unit in accordance with a Tenant Habitability Plan (“THP”)
13 and the tenant is unreasonably interfering with implementation of the THP by failing to
14 temporarily relocate or honor a permanent relocation agreement; (10) the landlord seeks in good
15 faith to recover possession of the rental unit to either demolish the rental unit or remove it
16 permanently from rental housing use; (11) the landlord seeks in good faith to recover possession
17 of the rental unit in order to comply with a governmental agency order; (12) the Secretary of
18 Housing and Urban Development is both the owner and plaintiff and seeks to recover possession
19 in order to vacate the property; (13) the rental unit is in a residential hotel, and the landlord seeks
20 to recover possession of the rental unit in order to convert or demolish the unit; and (14) the
21 landlord seeks to recover possession of the rental unit to convert the subject property to an
22 affordable housing accommodation in accordance with an affordable housing exemption issued
23 by the Housing and Community Investment Department. (LAMC, § 151.09(A)(1)-(14).)

24 48. Pursuant to LAMC section 151.09(A)(10), a landlord may recover possession of a
25 rental unit to permanently remove it from rental housing use in compliance with the Ellis Act.

26 49. The 1985 Ellis Act permits landlords to “go out of business.” (Gov. Code,
27 § 7060.7.) A landlord or owner must withdraw all of the accommodations from rent or lease.
28 (Gov. Code, § 7060.7(d).) Withdrawing fewer than all of the accommodations is illegal. (Gov.

1 Code, § 7060.7(d).)

2 50. The Ellis Act does not interfere with local government authority over land use,
3 including regulation of the conversion of existing housing to condominiums or other subdivided
4 interests or to other nonresidential use following its withdrawal from rent or lease. (Gov. Code,
5 § 7060.7(a).) Nor does the Ellis Act preempt local regulations governing the demolition and
6 redevelopment of residential properties; override procedural protections designed to prevent
7 abuse of the right to evict tenants; or (as previously mentioned) permit an owner to withdraw
8 from rent or lease fewer than all of the accommodations. (Gov. Code, § 7060.7(b)-(d).)

9 51. Provisions of the Ellis Act have been incorporated into the LAMC while
10 preserving the City's authority to develop regulations to implement Ellis Act:

11 There continues to be a low vacancy rate for rental units in the City
12 of Los Angeles, and the withdrawal of residential rental property
13 from rent or lease will exacerbate the rental housing shortage and
14 make it more difficult for tenants displaced by the withdrawal to
15 obtain replacement housing. Because of the rental housing
16 shortage, it is essential that tenants be afforded substantial advance
17 notice to enable them to obtain replacement housing, and that they
18 receive other protections available under law.

19 (LAMC, § 151.22.)

20 52. If a landlord wishes to demolish or withdraw rental units subject to the RSO from
21 rental use, the landlord must comply with the provisions of LAMC section 151.23 requiring the
22 landlord to: (A) file and deliver to the HCIDLA a Notice of Intent to Withdraw (under penalty of
23 perjury) at least 120 days prior to withdrawal; (B) record with the County Recorder a
24 memorandum summarizing the provisions of the Notice of Intent to Withdraw; and, (C) notify
25 each affected tenant. (LAMC, § 151.23(A)-(C).)

26 53. Tenants who are at least 62 years of age or disabled, who have lived in their
27 accommodations for at least one year before the delivery of the Notice of Intent to Withdraw,
28 have the right to extend their tenancy to one year after delivery. The tenant must give written
notice to the landlord of this entitlement within 60 days of the date of delivery of the Notice of
Intent to Withdraw. (LAMC, § 151.23(C)(5)(a).)

54. If a landlord desires to re-rent or re-lease a unit that was the subject of a Notice of

1 Intent to Withdraw, the landlord must file with HCIDLA a Notice of Intention to Re-Rent
2 Withdrawn Accommodation. (LAMC, § 151.24(A).) Displaced tenants who wish to renew their
3 tenancies in their former units that were withdrawn from, but are put back on, the rental market
4 may do so. The tenant must advise the landlord or owner in writing within 30 days of the
5 displacement of his or her desire to consider an offer to renew the tenancy and must furnish the
6 owner with an address to which that offer is to be directed. (Gov. Code, § 7060.2(b)(3) and
7 LAMC § 151.27(A).) If a tenant advises a landlord of the desire to re-rent a unit and the
8 landlord offers a unit for rent within two years of the withdrawal, the landlord shall offer to
9 reinstate the rental agreement on terms permitted by law. (LAMC, § 121.27.) A landlord who
10 offers for rent or lease a unit that was the subject of a Notice of Intent to Withdraw within two
11 years of the date of withdrawal of unit is liable to any tenant or lessee who was displaced from
12 the property for actual and exemplary damages. (LAMC, § 151.25(A).)

13 55. If a landlord offers for re-rent or re-lease a rental unit which was the subject of a
14 Notice of Intent to Withdraw within five years after the Notice or within five years after the unit
15 was withdrawn, the landlord must file a Notice of Intention to Re-Rent Withdrawn
16 Accommodations. (LAMC, § 151.24(A).) The landlord must offer the unit at the lawful rent in
17 effect when the Notice was filed. (LAMC, § 151.26(A).) The landlord shall first offer the unit
18 to the displaced tenant, provided that the tenant has requested the offer in writing within 30 days
19 after the landlord has filed the Notice of Intention to Re-Rent Withdrawn Accommodations.
20 (LAMC, § 151.27(B).) A landlord who fails to comply with these requirements is liable to the
21 displaced tenant for punitive damages. (LAMC, § 151.27(B).)

22 56. The RSO requires every landlord who accepts rent for a rental unit to procure a
23 valid registration or annual registration renewal statement from HCIDLA for each rental unit.
24 (LAMC, § 151.05(A)(5).) The fee for the registration or annual registration renewal for each
25 rental unit is twenty-four dollars and fifty-one cents (\$24.51), due on the first day of January
26 every year. (LAMC, § 151.05(B)(5).)

27 **Public Nuisance Law**

28 57. A nuisance is defined as including “[a]nything which is . . . offensive to the

1 senses, or an obstruction to the free use of property, so as to interfere with the comfortable
2 enjoyment of life or property, or unlawfully obstructs the free . . . use [of any public] street, or
3 highway” (Civ. Code, § 3479.)

4 58. A public nuisance is “one which affects at the same time an entire community or
5 neighborhood, or any considerable number of persons, although the extent of the annoyance or
6 damage inflicted upon individuals may be unequal.” (Civ. Code, § 3480.) Substandard
7 conditions, including the unapproved use of a property, fall within the definition of a public
8 nuisance as defined by Civil Code sections 3479 and 3480.

9 59. A public nuisance may be abated by indictment or information, a civil action or
10 abatement accomplished by an injunction issued by a court of equity. (Civ. Code, § 3491;
11 *Sullivan v. Royer* (1887) 72 Cal. 248, 249; *People v. Selby Smelting & Lead Co.* (1912) 163 Cal.
12 84, 90.)

13 **Nuisance Per Se**

14 60. In California, city and county legislative bodies are empowered to declare what
15 constitutes a nuisance. (Gov. Code, § 38771.) The City Attorney may bring an action to enjoin
16 or abate a public nuisance. (Code Civ. Proc., § 731.) Pursuant to LAMC section 11.00(l), any
17 violation of the Code is deemed a public nuisance, which may be abated by the City Attorney on
18 behalf of the People of the State of California.

19 61. “[A]ll parties to a nuisance *per se*, he who creates it and he who maintains it, are
20 responsible for its effect, without limitations of conditions or time.” (*McClatchy v. Laguna*
21 *Lands Limited* (1917) 32 Cal.App. 718, 725.) A continuing nuisance is one which may be abated
22 at any time. (*Spar v. Pacific Bell* (1991) 235 Cal.App.3d 1480, 1485-1486.)

23 **Unfair Competition Law**

24 62. The Unfair Competition Law (“UCL”) prohibits “unfair competition,” which
25 includes “any unlawful, unfair or fraudulent business act or practice” (Bus. & Prof. Code,
26 § 17200.) The UCL authorizes the City Attorney to bring a civil enforcement action against any
27 person who engages, has engaged, or proposes to engage in unfair competition. (Bus. & Prof.
28 Code, § 17203.) The UCL defines “person” to include natural persons, corporations, firms,

1 partnerships, joint stock companies, associations and other organizations of persons. (Bus. &
2 Prof. Code, § 17201.)

3 63. Plaintiff may seek injunctive relief, appointment of a receiver, and restitution.
4 (Bus. & Prof. Code, §§ 17203 and 17204.) Also, when a UCL action is brought by the City
5 Attorney in the name of the People, the City Attorney may seek civil penalties of up to \$2,500
6 for each violation of the UCL or up to \$5,000 if the violation was perpetrated against a disabled
7 or elderly person. (Bus. & Prof. Code, §§ 17206 and 17206.1.) The UCL's remedies and
8 penalties are cumulative to each other and to the remedies or penalties available under all other
9 laws in California. (Bus. & Prof. Code, § 17205.)

10 **Appointment of a Receiver**

11 64. Pursuant to Business and Professions Code section 17203, the court may appoint
12 a receiver "to prevent the use or employment by any person of any practice which constitutes
13 unfair competition, as defined in this chapter, or as may be necessary to restore to any person in
14 interest any money or property, real or personal, which may have been acquired by means of
15 such unfair competition." (Bus. & Prof. Code, § 17203.)

16 **False Advertising**

17 65. California's False Advertising Law protects consumers and competitors by
18 promoting fair competition in commercial markets for goods and services, by making it unlawful
19 for "any person . . . corporation . . . or any employee . . . to induce the public to enter into any
20 obligation relating thereto, to make or disseminate . . . before the public in this state . . . in any
21 newspaper or other publication . . . or in any other manner or means whatever . . . any statement,
22 concerning that real or personal property or those services . . . which is untrue or misleading, and
23 which is known, or which by the exercise of reasonable care should be known, to be untrue or
24 misleading . . ." (Bus. & Prof. Code, § 17500.) To state a claim for false advertising, a plaintiff
25 must show that (1) statements in the advertising are untrue or misleading, and, that (2)
26 Defendants knew, or by the exercise of reasonable care should have known, that the statements
27 were untrue or misleading. (*People v. Lynam* (1967) 253 Cal.App.2d 959, 965.)

28 66. A violation of Business and Professions Code section 17500 is a misdemeanor,

1 punishable by fine or imprisonment. (Bus. & Prof. Code, § 17534.) Plaintiff may also seek civil
2 penalties, injunctive relief and restitution. (Bus. & Prof. Code, §§ 17535 and 17536.)

3 **FIRST CAUSE OF ACTION**

4 **(Violations of LAMC section 11.00)**

5 **(By Plaintiff against Defendants and DOES 1 through 100)**

6 67. Plaintiff alleges and incorporates herein by reference paragraphs 1 through and
7 including 66 of this Complaint as if set forth fully herein.

8 68. Plaintiff brings this action pursuant to LAMC section 11.00, subdivision (l),
9 which authorizes Plaintiff to enforce any violation of the LAMC by seeking an injunction or
10 other appropriate order in the Superior Court.

11 69. Defendants have violated the Los Angeles Zoning Code and Building Code by
12 causing, permitting, and allowing improper use of the following:

13 a. Van Ness' use or occupancy as an illegal hotel or illegal transient occupancy
14 residential structure (LAMC sections 12.10(A), 12.21.1(A)(1), 12.26(E),
15 91.109.1, 91.8105, and 91.8204);

16 b. Use or occupancy of a residential unit as a recreational room for transient guests
17 (LAMC sections 12.26(E), 91.109.1, 91.8105, and 91.8204); and

18 c. Failing to comply with an Order to Comply (LAMC section 91.103.3).

19 70. Defendants were notified in writing by HCIDLA of the aforementioned LAMC
20 violations by verbal notice on April 16, 2014 and May 28, 2014; and, by written notice on April
21 18, 2014. Notwithstanding such notice, Defendants have failed to correct or cease committing
22 the continuing violations.

23 71. Unless enjoined and restrained, Defendants will continue to maintain Van Ness as
24 an illegal hotel or as an illegal transient occupancy residential structure in violation of the City's
25 comprehensive zoning plan by engaging in the inappropriate use of buildings and land. Said
26 violations contribute directly to the City's lack of affordable housing by taking available housing
27 stock off the rental market; unfairly competes against legitimate area hotels; and, deceives the
28 public with their false advertisements.

1 72. Plaintiff has no adequate remedy at law and injunctive relief is expressly
2 authorized by LAMC section 11.00, subdivision (l). Plaintiff also seeks costs incurred for
3 investigating and prosecution this action.

4 **SECOND CAUSE OF ACTION**

5 **(Violations of Code of Civil Procedure section 731 and Civil Code sections 3479, 3480)**

6 **(By Plaintiff against Defendants and DOES 1 through 100)**

7 73. Plaintiff alleges and incorporates herein by reference paragraphs 1 through 72 of
8 this Complaint as if set forth fully herein.

9 74. Plaintiff brings this action pursuant to Code of Civil Procedure section 731 to
10 abate a public nuisance.

11 75. Defendants have caused and maintained a continuing public nuisance at Van Ness
12 since at least 2006 and each day thereafter until the present time. Through their continued
13 operation of Van Ness in violation of the Los Angeles Zoning and Building Codes, Defendants
14 maintain Van Ness as a public nuisance as defined by LAMC section 11.00, subdivision (l).
15 Thus, Defendants' continuing illegal acts are continuing public nuisances under the LAMC and
16 Civil Code, as defined in Civil Code sections 3479 and 3480.

17 76. These continuing nuisance conditions at Van Ness adversely affect the immediate
18 and adjoining neighborhoods as well as the entire community. The ongoing illegal operation of
19 Van Ness violates the City's comprehensive zoning plan by engaging in the inappropriate use of
20 buildings and land resulting in the loss of affordable housing stock; competes unfairly against
21 legitimate area hotels; and, deceives the public with their false advertisements.

22 77. Defendants were notified of the aforementioned nuisance conditions by HCIDLA
23 on April 16, 2014, April 18, 2014 and May 28, 2014. Notwithstanding such notice, Defendants
24 continue to maintain the nuisance conditions.

25 ///

26 ///

27 ///

28 ///

1 78. Unless Defendants are restrained by order of this Court, Defendants will continue
2 to maintain Van Ness in the above-described nuisance condition, thereby causing irreparable
3 injury and harm to the public's health and welfare.

4 79. Plaintiff has no adequate remedy at law and injunctive relief is expressly
5 authorized by Code of Civil Procedure sections 526 and 731.

6 80. If it becomes necessary for Plaintiff to correct the violations or abate the nuisance
7 at Van Ness, Plaintiff will incur substantial costs. Thus, Plaintiff requests recovery of its costs to
8 correct these violations or abate the nuisance and establish priority liens on Van Ness for such
9 costs.

10 **THIRD CAUSE OF ACTION**

11 **(Violations of Business and Professions Code section 17200 et seq.)**

12 **(By Plaintiff against Defendants and DOES 1 through 100)**

13 81. Plaintiff alleges and incorporates herein by reference paragraphs 1 through 80 of
14 this Complaint as if set forth fully herein.

15 82. Plaintiff brings this cause of action pursuant to Business and Professions Code
16 section 17204 to enjoin Defendants' engaging in unfair competition by their unlawful, unfair or
17 fraudulent business acts or practices.

18 83. Defendants have violated and continue to violate the UCL (Business and
19 Professions Code section 17200 et seq.) by:

20 a. Illegally converting Van Ness from its approved use as an apartment house to its
21 current unapproved use as a hotel (self-styled as "Hollywood Dream Suites") or
22 as a transient occupancy residential structure in violation of LAMC sections
23 12.10(A), 12.21.1(A)(1), 12.26(E), 91.109.1, 91.8105, and 91.8204; and

24 b. Falsely advertising Van Ness and Hollywood Dream Suites as a purported hotel
25 or transient occupancy residential structure in order to induce the public to believe
26 that Van Ness and Hollywood Dream Suites is a legal hotel or transient
27 occupancy residential structure available for transient occupancy. Defendants
28 have made or disseminated or caused to be made or disseminated statements

1 before the public in every state and across the world, advertisements over the
2 Internet concerning Van Ness and Hollywood Dream Suites as a purported hotel
3 or transient occupancy residential structure that were untrue or misleading and
4 which were known by Defendants to be untrue or misleading, in violation of
5 Business and Professions Code section 17500; and

6 c. Renting residential rooms at Van Ness and Hollywood Suites as hotel or transient
7 occupancy rooms, in violation of LAMC sections 12.10(A), 12.21.1(A)(1),
8 12.26(E), 91.109.1, 91.8105, and 91.8204.

9 84. On April 18, 2014, May 28, 2014, April 20, 2015, and September 9, 2015,
10 Defendants were notified by HCIDLA that the use of Van Ness as a hotel or transient occupancy
11 residential structure violated the LAMC. Yet, Defendants have not corrected the violations nor
12 have they indicated to Plaintiff any intention to permanently correct these violations.

13 85. Defendants' past and continuing use of false advertisements publicizing Van Ness
14 as a hotel or transient occupancy residential structure has significantly undermined the revenue
15 of at least one legitimate hotel in close proximity. This hotel has suffered a diminution in
16 revenue since February 2011 as a result of Defendants' use of Van Ness as an illegal hotel or
17 illegal transient occupancy residential structure.

18 86. Defendants' acts of unfair competition present a continuing threat to the public
19 and Plaintiff has no adequate remedy at law. Accordingly, unless the Defendants are
20 permanently enjoined and restrained by order of this Court, they will continue to commit acts of
21 unlawful and unfair competition, and thereby continuing to cause irreparable harm and injury to
22 the public.

23 **FOURTH CAUSE OF ACTION**

24 **(Violations of Business and Professions Code section 17500 et seq.)**

25 **(By Plaintiff against Defendants and DOES 1 through 100)**

26 87. Plaintiff alleges and incorporates herein by reference paragraphs 1 through 86 of
27 this Complaint as if set forth fully herein.

28 ///

1 88. Plaintiff brings this cause of action pursuant to Business and Professions Code
2 section 17500 et seq. to enjoin Defendants' acts of false advertising.

3 89. Defendants have engaged in false advertising, holding themselves out as
4 legitimate hotel or transient occupancy residential structure operators, to induce the public to
5 believe that Van Ness is a hotel or transient occupancy residential structure and to rent rooms at
6 Van Ness, by making or disseminating or causing to be made or disseminated from California,
7 before the public in every other state and across the world, advertisements over the Internet with
8 statements describing Van Ness as a purported hotel or transient occupancy residential structure
9 that were and are untrue or misleading and which were and are known by Defendants to be
10 untrue or misleading.

11 90. Defendants have advertised and continue to advertise Van Ness as a hotel or
12 transient occupancy residential structure on various Internet websites. Defendants' false
13 advertising is likely to deceive the public. Indeed, Defendants' false advertising has actually
14 deceived the general consuming public or targeted consumers such that some have suffered
15 actual loss.

16 91. In defiance of the Los Angeles Zoning Code and Building Code and the
17 regulatory agencies charged with enforcing them, Defendants persist in falsely advertising Van
18 Ness as a hotel or transient occupancy residential structure such that Plaintiff has no adequate
19 remedy at law. Unless Defendants are permanently enjoined and restrained by order of this
20 Court, they will continue to commit acts of false advertising and continue to cause irreparable
21 harm and injury to the public.

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

1 **PRAYER FOR RELIEF**

2 Wherefore, Plaintiff prays for judgment against Defendants and DOES 1 through 100,
3 and each of them, as follows:

4 **AS TO THE FIRST CAUSE OF ACTION**

5 1. That the Court find that Defendants and their agents, heirs, successors, officers,
6 employees and anyone acting on their behalf have violated LAMC section 11.00 et seq.

7 2. That Defendants and their agents, heirs, successors, officers, employees and
8 anyone acting on their behalf be held jointly and severally liable for all penalties and other relief
9 awarded in favor of Plaintiff and against Defendants.

10 3. That Defendants and their agents, heirs, successors, officers, employees and
11 anyone acting on their behalf be ordered to pay Plaintiff's abatement costs, re-inspection fees,
12 administrative penalties, and civil penalties in the amount of \$2,500 per day for each and every
13 violation, pursuant to LAMC section 11.00(1).

14 **AS TO THE SECOND CAUSE OF ACTION**

15 4. That Van Ness, together with the fixtures and moveable property therein and
16 thereon, be declared a public nuisance and be permanently abated as such in accordance with
17 Civil Code sections 3479 and 3480.

18 5. That the Court find that Defendants and their agents, heirs, successors, officers,
19 employees and anyone acting on their behalf have owned, operated, maintained, and managed
20 Van Ness in a manner constituting a public nuisance.

21 6. That the Court grant a permanent injunction, order of abatement, and judgment in
22 accordance with Civil Code section 3491, enjoining and restraining Defendants and their agents,
23 heirs, successors, officers, employees and anyone acting on their behalf from owning, operating,
24 maintaining, and managing Van Ness as a public nuisance, and to bring Van Ness into
25 compliance with all applicable State and local regulations.

26 7. That Defendants and their agents, heirs, successors, officers, employees and
27 anyone acting on their behalf be held jointly and severally liable for all penalties and other relief
28 awarded in favor of Plaintiff and against Defendants.

1 **AS TO THE THIRD CAUSE OF ACTION**

2 8. That the Court find that Defendants and DOES 1 through 100, their successors,
3 agents, representatives, employees and all persons who act in concert with them have engaged in
4 unfair competition.

5 9. That the Court grant a permanent injunction and order of abatement enjoining and
6 restraining Defendants, DOES 1 through 100, their agents, heirs, successors, officers, employees
7 and anyone acting on their behalf from engaging in unfair competition and from owning,
8 operating, maintaining, and managing Van Ness in an unlawful condition, as defined by
9 applicable laws and regulations.

10 10. That the Court appoint a receiver to take charge of Van Ness, with all powers and
11 duties permitted by law.

12 11. That upon the discharge of the receiver, Defendants, DOES 1 through 100, their
13 agents, heirs, successors, officers, employees and anyone acting on their behalf, be required to
14 maintain Van Ness in full compliance with all State, County, and City laws.

15 12. That Defendants, DOES 1 through 100, their agents, heirs, successors, officers,
16 employees and anyone acting on their behalf, be adjudged jointly and severally liable and
17 assessed the maximum civil penalty of \$2,500 for each violation of the UCL that they
18 committed, caused, maintained, permitted, and conspired to commit relating to Van Ness that
19 they owned, managed, and/or had an interest in during the relevant four year time period.

20 13. That Defendants and DOES 1 through 100 be ordered to make direct restitution of
21 any money or other property that may have been acquired as a result of their unlawful and unfair
22 business acts and practices related to Van Ness.

23 14. That Defendants, DOES 1 through 100, and their agents, heirs, successors,
24 officers, employees and anyone acting on their behalf be held jointly and severally liable for all
25 penalties, restitution and other relief awarded in favor of Plaintiff and against Defendants.

26 **AS TO THE FOURTH CAUSE OF ACTION**

27 15. That the Court find that Defendants and DOES 1 through 100, their successors,
28 agents, representatives, employees and all persons who act in concert with them have engaged in

1 false advertising.

2 1. That the Court grant a permanent injunction and order of abatement enjoining and
3 restraining Defendants, DOES 1 through 100, their agents, heirs, successors, officers, employees
4 and anyone acting on their behalf from engaging in false advertising and from owning, operating,
5 maintaining, and managing Van Ness in an unlawful manner, as defined by applicable laws and
6 regulations.

7 2. That Defendants, DOES 1 through 100, their agents, heirs, successors, officers,
8 employees and anyone acting on their behalf, be adjudged jointly and severally liable and
9 assessed the maximum civil penalty of \$2,500 for each violation of the False Advertising Law
10 that they committed, caused, maintained, permitted, and conspired to commit relating to Van
11 Ness that they owned, managed, and/or had an interest in during the relevant four year time
12 period.

13 3. That Defendants, DOES 1 through 100, and their agents, heirs, successors,
14 officers, employees and anyone acting on their behalf be held jointly and severally liable for all
15 penalties, restitution and other relief awarded in favor of Plaintiff and against Defendants.

16 **AS TO ALL CAUSES OF ACTION**

17 19. That Plaintiff recovers the amount of the filing fees and fees for the service of
18 process or notices which would have been paid but for Government Code section 6103.5,
19 designating it as such and that the fees, at the Court's discretion, may include the amount of the
20 fees for certifying and preparing transcripts.

21 20. That the Court issue orders to Plaintiff to record the lis pendens, issue an Order
22 Appointing the Receiver, Permanent Injunction, Abatement Order, and Judgment with the Los
23 Angeles County Recorder.

24 ///

25 ///

26 ///

27 ///

28 ///

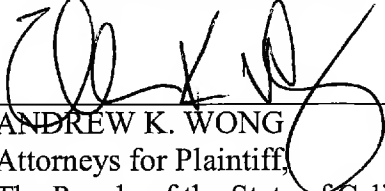
1 21. That the Court grants Plaintiff such other and further relief as the Court deems
2 just and proper.

3
4 Dated: June 17, 2016

Respectfully submitted,

5 MICHAEL N. FEUER, City Attorney
6 TINA HESS, Assistant City Attorney
7 ANDREW K. WONG, Deputy City Attorney
8 OFFICE OF THE LOS ANGELES CITY ATTORNEY
9 CRIMINAL BRANCH
10 SPECIAL LITIGATION SECTION

11 By: _____

12 
13 ANDREW K. WONG
14 Attorneys for Plaintiff,
15 The People of the State of California